

City Of Cincinnati Retirement System Board of Trustees Meeting

Minutes

December 6, 2007 / 2PM

Committee Room B

The Chairperson confirmed a quorum and called the meeting to order: 2:20 PM

Present:

Marijane Klug, Chairperson

Jason Barron

Donald Beets

Michael Fehn

Gina Marsh

Brian Pickering

Dave Rager

James Robinson

John Walsh

Absent

V. Daniel Radford

Michael Rachford

Staff present: John Boudinot, Keith Giles,
Cheryl Volk – Recorder

APPROVAL OF NOVEMBER 1, 2007 MINUTES

Reference to the 2008 meeting schedule was omitted from the November Board minutes. The revised meeting schedule for 2008 will be submitted next month to the Board. The November minutes will be submitted to the January Board for approval. D. Beets made the motion, B. Pickering seconded and all members approved.

BENEFITS COMMITTEE

B. Pickering reported on the two Benefits Committee meetings held in November.

November 15th :

1. Recommendation to deny the request of Mike Perkins for purchase of part-time service. Mike Perkins' attorney, Mr. Ely Ryder, presented to the Board of Trustees in an effort to appeal the decision. M. Klug explained the process of appeal and emphasized the appeal process must begin with the Benefits Committee. Mr. Ryder affirmed that he understood the instructions and requested a copy of the rules outlining this process.
J. Boudinot to provide Mr. Ryder with a copy of the rules.
2. Recommendation to approve disability application for Vincent Donaldson

November 29th :

1. Recommendation to deny the disability application for Alicia Gaines
2. Recommendation to approve the disability application for Sandra White Franklin.

Board Action

M. Fehn made a motion to separate the Perkins issue from the Benefits Committee Report before taking vote for approval. D. Rager seconded the motion and the motion was defeated.

| | |
|-----------------|-----|
| Marijane Klug | No |
| Jason Barron | No |
| Donald Beets | No |
| Michael Fehn | Yes |
| Gina Marsh | No |
| Brian Pickering | No |
| Dave Rager | Yes |
| James Robinson | No |
| Jack Walsh | No |

Board Action

B. Pickering made motion and J. Walsh seconded to approve the Benefits Committee report as presented. Members voted and report approved.

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|-----------------|-----|
| Marijane Klug | Yes |
| Jason Barron | Yes |
| Donald Beets | Yes |
| Michael Fehn | No |
| Gina Marsh | Yes |
| Brian Pickering | Yes |
| Dave Rager | Yes |
| James Robinson | Yes |
| Jack Walsh | Yes |

BENEFITS COMMITTEE, November 29, 2007: *Attachment A*

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|--|------------|
| 1. Application for Early Retirement Incentive - December 2007: | Total - 52 |
| 2. Application for Ordinary Retirement December 2007: | Total - 9 |
| 3. Application for Deferred Retirement: | Total - 0 |
| 4. Resolution for Deaths of Pensioned Members: | Total - 18 |

CRS ACTIVITY *Attachment B*

1. Resolution for Enrollment of New Members – Total: 24
2. Resolution for Return of Contribution & Deaths of Pensioned Members
Amount: \$137,521.21
3. Resolution for Loans to Members – Total: 34 Amount: \$358,579.70
4. Resolution of Military Service Credit Prior to Membership – Total: 4

SECRETARY'S REPORT *Attachment C*

Asset Valuation

| | | |
|--------------------------------|---------------|----------------|
| <u>December 31, 2006</u> | <u>\$2.61</u> | <u>Billion</u> |
| <u>October 31, 2007</u> | <u>\$2.79</u> | <u>Billion</u> |
| <u>YTD Increase (Decrease)</u> | <u>7.09%</u> | |

| | 12/31/06 | 10/31/07 | | |
|---------------------------------|-----------------|-----------------|---------------|----------------------------|
| Current Asset Allocation | Actual | Actual | Target | Pending Allocations |
| Domestic Equity | 52.9% | 53.3% | 43.5% | |
| International Equity | 17.6% | 18.1% | 17.0% | |
| Fixed Income | 28.1% | 23.6% | 17.0% | |
| Private Equity | 0.7% | 1.6% | 5.0% | \$900,000 |
| Real Estate | 0.0% | 2.4% | 7.5% | \$65 Million |
| Infrastructure | 0.0% | 0.0% | 5.0% | |
| Long / Short Equity | 0.0% | 0.0% | 5.0% | |
| Treasury Cash | 0.7% | 1.0% | 0.0% | |
| | 100.0% | 100.0% | 100.0% | |

Board Action:

D. Rager made a motion to approve the Secretary's report. Seconded by B. Pickering and approved by the Board.

INVESTMENT COMMITTEE**Investment Consultant's Report**

1. Transition is complete for termination of Jarislowsky Fraser.
2. Update on CRS Annualized performance v/s Total Public Funds – Last three years, CRS ranked in 33rd percentile of all public funds in the country.

Recommendations:

1. Maintain Smith & Graham on alert status
2. Remove Gradison and Montag & Caldwell from alert status and classify them as in-compliance.
3. Continue with the three private equity funds: Piper Jaffray, Portfolio Advisors, and Fort Washington. Emphasis was placed on need to have vintage-year exposure.

Board Actions

1. M. Fehn made a motion to approve the Investment Consultant's recommendations. Motion seconded by D. Rager and approved by the Board:
 - A. Maintain Smith & Graham on alert status
 - B. Remove Gradison and Montag & Caldwell from alert status and place back in compliance.
2. J. Walsh made a motion, seconded by B. Pickering and approved by the Board to make a second round of commitments to the three current private equity managers:
 - \$30 Million to FW Capital VI
 - \$30 Million to Piper IV (split 50/50 between buy-out and venture capital)
 - \$10 PAPEF V

Investment Policy Revisions Attachment D

Policy revisions were reviewed. J. Walsh made a motion to approve the Investment Consultant's recommendations for minor policy revisions. Motion seconded by M. Fehn and approved by the Board.

Investment Managers Interviews

The following four Long-Short equity fund of funds Managers were interviewed for consideration by the Investment Committee:

- Austin
- ABS
- Attalus
- Common Sense

Board Action

The Investment Committee analyzed the data presented and considered the Investment Consultant's recommendations. Investment Committee voted and ABS Investment Management LLC, and Common Sense Investment Management, LLC were selected as Long-Short equity fund of funds managers. The Investment Committee recommended to hire and allocate \$67.5 Million to ABS and \$67.5 Million to Common Sense. M. Fehn made the motion, B. Pickering seconded and the Board unanimously approved the recommendation.

GOVERNANCE COMMITTEE REPORT

Tabled until the January Board meeting

EARLY RETIREMENT INCENTIVE PLAN – RELEASE FORM

D. Beets questioned the multiple references to the 'Cincinnati Retirement System' within the text of the ERIP Release Form.

Board Action

D. Beets made a motion to send a formal communication from the Board to the City Manager that states the CRS Board did not initiate or approve the Early Retirement Incentive Plan. M. Fehn seconded and it was approved by the Board.

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|-----------------|-----|
| Marijane Klug | No |
| Jason Barron | Yes |
| Donald Beets | Yes |
| Michael Fehn | Yes |
| Gina Marsh | Yes |
| Brian Pickering | Yes |
| Dave Rager | No |
| James Robinson | Yes |
| Jack Walsh | Yes |

CITY MANAGER AUTHORITY

D. Beets questioned whether the City Manager had the authority to place liability on the Cincinnati Retirement System.

Board Action

D. Beets made a motion to request a legal opinion from the City Solicitor if the City Manager had the authority to place liability on the CRS. The motion failed to be seconded.

2008 BUDGET Attachment E

J. Boudinot presented the 2008 Cincinnati Retirement System budget.

Board Action

B. Pickering moved to accept the 2008 budget as submitted. Motion seconded by J. Walsh and approved by the Board.

LIMITED SCOPE AUDIT

J. Boudinot provided an overview of the limited-scope audit options regarding the change in the investment rate of return assumption and the healthcare scenarios.

Board Action

D. Rager made a motion for the Board to suspend the limited-scope audit and await the actions of the task force and analyze the results of the independent auditor. J. Barron seconded and the Board approved.

OPERATING EXPENSES Attachment F

The total amount issued for operating expenses, November, 2007: \$4536.29

B. Pickering notified the Board that he will be absent at the January 2008 Board Meeting.

Board Action

B. Pickering made a motion for adjournment. J. Robinson seconded and the Board adjourned 3:35pm.